



## FACTORY TO THE WORKERS



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## **Factory to the Workers**

In 2005, a machine tools factory in Croatia was occupied by its workers. Since then, they have been operating collectively, making it the sole successful case of a worker occupation in post-socialist Europe. Today, as they strive to establish a new model of collective ownership, they face the challenges of contending with the globalized market economy. A decade later, the question arises: can the slogan "Factory to the Workers" be sustained, or is it merely a utopian dream?

## **Croatia**

Croatia is a crescent-shaped country located in the northwest part of the Balkan Peninsula. It is a parliamentary republic, with both a president and a prime minister. The country has a population of just over 4 million people, and its capital city is Zagreb. Croatia has a diverse geography, and a large number of protected natural areas. According to Croatia.eu, tourism is the most important part of Croatia's economy, contributing about 20 percent of its GDP.<sup>1</sup> However, the organization reports that industrial production is also important. It reports that in 2021, machines and finished metal products were some of the country's largest exports.<sup>2</sup>

Croatia has not always been an independent nation. For a portion of its history, it was part of the Socialist Federation Republic of Yugoslavia, which was created in 1946, after World War II. The Socialist Federation Republic of Yugoslavia included six republics: Serbia, Montenegro, Croatia, Bosnia and Herzegovina, Slovenia, and Macedonia. In 1991, Croatia seceded from the federation, along with Slovenia. Macedonia, Bosnia, and Croatia soon followed. By 1992, the Socialist Federal Republic of Yugoslavia no longer existed.

## **Socialism and Yugoslavia**

Socialism is an ideology based on collective, public ownership and control of resources. It started to become popular after the industrial revolution occurred and capitalism expanded, because many people saw it as a way to improve conditions for the working class and create a society that was more equal. National Geographic explains the ideology behind socialism, and how it differs from capitalism. It says, "Capitalism is based on private ownership of resources and means of production, and individual choices in a free market. This is in contrast to socialism. According to socialist philosophy, these features of capitalism lead to inequalities in wealth and hence power, and the exploitation of workers. According to socialism, notions of individual freedom and equality of opportunity are available only to those who control the means of production. In a capitalist society, this means a few rich capitalists hold power at the expense of the working class. In a socialist system, however, it is argued that since everyone controls the means of production, everyone is free."<sup>3</sup> In a strictly socialist system, a central planner or government body controls all

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<sup>1</sup> <https://croatia.eu/index.php?view=category&lang=2&id=15>

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<https://croatia.eu/index.php?view=article&id=32&lang=2#:~:text=Industry%2C%20energy%20and%20construction,the%20petrochemical%20industry%20and%20shipbuilding.>

<sup>3</sup> <https://education.nationalgeographic.org/resource/socialism/>

production and distribution, however, socialist societies are not all strictly socialist, and often include other elements. For instance, some socialist systems include worker cooperatives.

While Yugoslavia started out as strictly socialist, it is known for later developing its own model of socialism, sometimes called “market socialism.” Under this system, companies operated according to free market forces, however, they were self-managed by workers. An article in the *Journal of Economic Perspectives* explains the Yugoslav system, stating, “For many years the Yugoslav economic system appeared to offer a middle way between capitalism and Soviet central planning.” The authors explain, “The Yugoslavs' brand of market socialism placed reliance on markets to guide both domestic and international production and exchange, with the socialist element coming from the ‘social ownership’ and workers’ self-management of enterprises.”<sup>4</sup>

Under Yugoslavia’s market socialism, companies created workers’ councils to help workers take economic control of their companies. James Robertson, assistant professor of history at the University of California Irvine, explains, “Workers would now be responsible for keeping the books, increasing productivity, enforcing wage restraints, and deciding whom to lay off. In exchange, they would earn more money, with wages supplemented by profit sharing.”<sup>5</sup> He explains that this system gave workers a vested interest in the success of the company they worked for.

## **The ITAS Factory**

The ITAS Machine tool factory is located in the town of Ivanec, which is in northern Croatia. It was established in 1960. In 2005, there was a government push for privatization in Croatia, which included the ITAS factory. However, the workers there rebelled, threw out the new management, and after court cases and a hunger strike, they gained control of the factory in 2007. Their new model was based on self-management, and every worker became a shareholder.

According to an article about the film published on the journalistic platform Kosovo 2.0, Dragutin Varga began working at the factory in 1973, and took part in the 2005 event. The article explains, “In 2005, he led a workers’ occupation of the factory to prevent its privatization. This was the only successful factory takeover in the former Yugoslavia and the story became a source of aspirational dreams about worker-run utopias.”<sup>6</sup> Film director Srđan Kovačević says, “There is no other example of a successful factory takeover in Croatia, I mean in the whole ex-Yugoslavia.”<sup>7</sup>

According to the ITAS website, the company started out by producing machine tool accessories in 1960, and then started to produce machines such as grinder drills, universal milling machines, and grinding machines in the mid-1970s. Today, it produces machine tools for several foreign partners, with the most important one based in Germany. The website also states that the company currently employs 179 people.<sup>8</sup>

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<sup>4</sup> <https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.5.4.187>

<sup>5</sup> <https://jacobin.com/2017/07/yugoslav-socialism-tito-self-management-serbia-balkans>

<sup>6</sup> <https://kosovotwopointzero.com/en/srdan-kovacevic-the-story-just-developed-in-front-of-me/>

<sup>7</sup> <https://kosovotwopointzero.com/en/srdan-kovacevic-the-story-just-developed-in-front-of-me/>

<sup>8</sup> <https://itas.hr/en/about-us/>

## Additional Resources

### Books

- Noam Chomsky, *Yugoslavia: Peace, War, and Dissolution*. Oakland, CA: PM Press, 2018.
- Sergej Flere, *The Rise and Fall of Socialist Yugoslavia: Elite Nationalism and the Collapse of a Federation*. Lanham, MD: Lexington Books, 2019.
- Immanuel Ness and Dario Azzellini, eds., *Ours to Master and to Own: Workers' Control from the Commune to the Present*. Chicago: Haymarket Books, 2011.
- Gorana Ognjenoić, Jasna Jozelić, eds., *Revolutionary Totalitarianism, Pragmatic Socialism, Transition. Volume One: Tito's Yugoslavia, Stories Untold*. New York: Palgrave Macmillan, 2016.

### Online Sources

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- Katya Soldak, "Thirty Years After: An Insider's View of The Disintegration of Yugoslavia," *Forbes*, October 5, 2021.  
<https://www.forbes.com/sites/katyasoldak/2021/10/05/thirty-years-after-an-insiders-view-of-the-disintegration-of-yugoslavia/?sh=62c374e75e53>
- Caleb Sprou, "Former Yugoslavia Citizens Reflect on Market-Socialism," *The Journal*, May 4, 2021.  
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### Contact

For inquiries, please contact:  
EPF Media  
(888) 570-5400; (323) 301-3663  
[info@epfmedia.com](mailto:info@epfmedia.com)

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